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Viewing cable 07MANAGUA1340, MONTEALEGRE UNDER INTENSE PRESSURE TO MAKE DEAL

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- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

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Reference ID	Created	Released	Classification	Origin
07MANAGUA1340	2007-05-24 23:36	2011-08-30 01:44	CONFIDENTIAL	Embassy Managua

Appears in these articles:

<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758456.aspx>
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758467.aspx>
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<http://www.confidencial.com.ni/articulo/3967/barreto-era-ldquo-fuente-confiable-rdquo-para-eeuu>

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RUEAIIA/CIA WASHDC
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C O N F I D E N T I A L SECTION 01 OF 03 MANAGUA 001340

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DEPT FOR WHA/CEN

E.O. 12958: DECL: 05/22/2017

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SUBJECT: MONTEALEGRE UNDER INTENSE PRESSURE TO MAKE DEAL
WITH ALEMAN

Classified By: Ambassador Paul A. Trivelli for reasons 1.4 (b and d)

¶1. (C) Summary: Opposition leader Eduardo Montealegre of the Nicaraguan Liberal Alliance (ALN) is under intense pressure to make a deal with convicted ex-President and Liberal Constitutional Party Leader (PLC) Arnoldo Aleman to unite the Liberal forces. During a recent session with Washington visitors, he discounted forming an electoral alliance with the Sandinista Renovation Movement (MRS) without the PLC, concerned that PLC leaders would paint him as a Sandinista sympathizer. Montealegre claimed that he would resign before negotiating with Aleman, an option he is seriously considering if the ALN is unable to obtain financial support. Ambassador and DCM subsequently had breakfast with Montealegre on May 24 to discuss these and other issues. After a one-day mini-retreat with some of his closest confidants in San Juan del Sur, Montealegre appeared much more relaxed and resolute. End Summary.

¶2. (C) Poloff and INR analysts met with ALN leader Eduardo Montealegre on May 22 to discuss the current political situation. He commented that the ALN is starved of funds and he is bombarded "from all sides" to strike a deal with PLC caudillo Arnoldo Aleman to save the country from President Ortega's increasingly authoritarian tendencies. Montealegre appeared tired and depressed, commenting that he had sacrificed time with his family and business only to be left "alone" to oppose the caudillos -- at considerable personal risk. He claimed that he is seriously considering leaving politics.

Pressure From All Sides

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¶3. (C) Montealegre explained that most "democratic" Nicaraguans are scared by President Ortega's 1980's-style rhetoric and alliances with outcast regimes in North Korea and Iran. Many have unfortunately come to the conclusion that Aleman is a "reality" who must be dealt with as the lesser of two evils. The ALN is starved of funds because the private sector -- both in Nicaragua and abroad -- refuse to support the ALN unless the party forms an alliance with the PLC, even if it that entails making a deal with Aleman. He is experiencing similar pressure from within the ALN, grass roots Liberal supporters, and even civil society. When queried by poloff, Montealegre commented that even some members of Movimiento por Nicaragua (MpN) are now advocating negotiations with Aleman. (Note: MpN was founded on opposition to caudillismo and the Aleman-Ortega political pact. End Note.)

14. (C) Montealegre assured us that he would resign rather than ally with Aleman, but seemed pessimistic about alternative strategies. He acknowledged that the MRS is open to forming an electoral alliance for the 2008 municipal elections, but "only because they want (former MRS presidential candidate) Edmundo Jarquin to be mayor of Managua." An ALN alliance with the MRS without the PLC would "never work" because the PLC would accuse the ALN of "selling out to Sandinista radicals" and re-capture Liberal support, he claimed. Montealegre rejected all possibility of allying with anti-Aleman segments of the PLC, calling his recent appearances with former PLC presidential candidate Jose Rizo a "media show" that has produced few tangible results.

Municipals Last Chance to Stop Ortega

15. (C) Montealegre implied that the only way to prevent Ortega from a Chavez-like domination of Nicaragua is to convincingly defeat the FSLN in the municipal elections. The President is slowly taking Nicaragua down the path of "New Socialism" by bribing and blackmailing the private sector into submission, he said. Specifically, Montealegre mentioned Ortega's plan to impose a two-percent municipal tax on gas stations that would wipe out their profit margins and force out competition in favor of the state-supervised Petronic. In addition, Montealegre claimed that the FSLN has already earned \$30 million from sales of discounted oil from Venezuela -- money they are using on infrastructure projects to "buy votes" in rural areas. (Comment: Montealegre's claims are plausible, although the donor community has not received any information on expenditure of oil revenues. End Comment.)

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Montealegre: Unaware and Rudderless

16. (C) Although aware of the threat to Nicaraguan democracy posed by Ortega, Montealegre, the leader of the opposition, was unaware of significant events within his own party and also failed to pursue a significant offer of assistance from a sister organization. When poloff asked about recent press reports that ALN leaders in the municipality of Niquinohomo had recently decided to re-join the PLC, Montealegre did not seem to know anything about the defection. He responded, "Niquinohomo is a minor municipality, so I'm not concerned about it." Montealegre met later the same day with an IRI delegation to discuss ongoing activities. The delegation learned that no one in the ALN had ever contacted the Mexican PAN (Partido de Accion Nacional) party to accept an offer of technical assistance and material support that had been offered at an earlier IRI-sponsored meeting in El Salvador. (Comment: Later the same day, PolCouns raised the PAN offer with ALN caucus chief Maria Eugenia Sequeira. She recognized that the ALN must follow up with the PAN and promised to do so soonest. End Comment.)

Viable Opposition at a Crossroads?

17. (C) Montealegre has often complained about a lack of sufficient support from the USG, private sector, and civil society. This time, however, he truly appeared tired, frustrated, and ready to give up the struggle for a democratic Nicaragua. Montealegre was clear that the ALN desperately needs money to survive, not more advice or technical assistance. He rejected negotiations with Aleman, but could offer no alternatives. The only solution Montealegre half-seriously proposed: spirit Aleman out of Nicaragua on a Blackhawk. His apparent apathy to internal party developments and our suggestions was disheartening.

But What a Difference Two Days Make

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18. (C) During a May 24 breakfast with Ambassador and DCM, Montealegre appeared much more relaxed and resolute after meeting with his closest advisors in San Juan del Sur. He indicated that he and his team are discussing the possibility of Montealegre entering the mayoral race for Managua in the municipal elections; his circle believing that supporting Jarquin for the Managua slot would alienate a significant segment of the Liberals. When asked whether running for mayor might weaken his future presidential possibilities and the ALN as a national opposition force generally, Montealegre replied that he did not think so. He noted that the city of Managua is "the second largest government in the country," that it has traditionally served as a stepping-stone to presidential candidacies, that it can be used for further political projection, and that it would be considered a serious blow to Ortega if he and the ALN could snatch it away from the FSLN.

19. (C) Montealegre then discussed the strategy that he and his team were developing to work with the PLC (and MRS) towards the municipal elections nationwide. He said they plan to use a breakdown of the 2006 national elections as a baseline to determine which party has the greatest strength in each municipality, and start identifying leading candidates on that basis, understanding that in certain areas there may be a natural leader from the community who is not from the party with the most votes. (Note: Nicaraguan electoral law might limit this alliance strategy to some 30 towns. End Note.) He acknowledged that the hardest part of the effort will be to reach the political agreement with the PLC without having Aleman (and by extension Ortega) trash the arrangement. Chances for success, he felt, would be best if the parties not seek full ALN-PC unification, but simply a working arrangement between the two parties. The Ambassador concurred, and suggested that they start by identifying and approaching key players and candidates who would stand to gain from such a deal and bring them into the fold early. Montealegre agreed, also committing to follow up with the offers of strategic assistance from the PAN, as suggested by the Ambassador.

Comment: The High Cost of Folding

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110. (C) If Montealegre abandons the ALN, the alliance will almost certainly splinter into its constituent parts, with the National Assembly caucus following suit. The PLC would win the most by absorbing Liberals frightened of Ortega and desperately seeking refuge -- however illusory and ephemeral. The MRS and Conservative Party would also gain adherents from anti-pact independent voters, but probably not enough to pose any serious electoral challenge to the FSLN or PLC. Ortega would continue to control the PLC through his co-pactmate Aleman. The FSLN would likely win the lion's share of the municipalities and convince the PLC that it must support constitutional reforms that would permit consecutive presidential re-election.

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